

D.P.U. 95-40-B

Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariffs: M.D.P.U. Nos. 893 through 908, filed with the Department on March 15, 1995 to become effective April 1, 1995 by Massachusetts Electric Company.

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I. INTRODUCTION

A. Background

On March 15, 1995, Massachusetts Electric Company ("MECo" or "Company"), pursuant to G.L. c. 164, § 94 filed with the Department of Public Utilities ("Department") a petition to increase its revenues by \$62.1 million or 4.2 percent. On September 29, 1995, the Department issued an Order on the Company's petition. Massachusetts Electric Company, D.P.U. 95-40 (1995).

In its Order, the Department disallowed the tariffs filed by the Company on March 15, 1995, and directed the Company to file new schedules of rates and charges designed to produce total additional annual base rate revenue of \$30,949,000. The Department directed the Company to file all rates and charges in compliance with the requirements of its Order, and comply with all other orders and directives of its Order. The Department ordered that the new rates filed by the Company shall apply to electric service consumed on or after October 1, 1995, but unless otherwise ordered by the Department, shall not become effective until a filing that demonstrates that such rates comply with this Order has been approved by the Department.

On October 5, 1995, the Company submitted its compliance filing ("Compliance Filing").¹ In its Compliance Filing, the Company requested to design the G-3 rate by proportionately raising the demand and energy charges (Compliance Filing, PTZ-7).² The Company also requested

¹ With its Compliance Filing, the Company submitted a Motion for Recalculation, with a separate compliance filing based on the recalculated cost of service, and a Motion for Reconsideration. In addition, on October 13, 1995, the Energy Consortium submitted a Motion for Reconsideration.

approval of a combined conservation charge ("CC") for the consolidated G-3 and G-4 rates classes (Compliance Filing at 30). In addition, the Company designed rates that limited percentage increases for the R-4 and G-2 rates based on the total energy charges including fuel adjustment revenues (id. at 29). The Company also designed its R-2 rates assuming a zero percent increase in the rate to low income customers.

On October 13, 1995,³ the Company submitted a revised compliance filing ("Revised Compliance Filing"). The Revised Compliance Filing included an allocated cost of service study that limited percentage increases based on the base revenues excluding fuel adjustment revenues. The Company also provided a recalculation of the R-2 rate discount to reflect the redesign of the R-1 and R-2 rates. In its Revised Compliance Filing, the Company submitted a rate design for the G-3 class by proportionately raising the demand and energy charges (Revised Compliance Filing, PTZ-7). The Company also provided a G-3 rate design applying the entire class increase on the energy charge (Revised Compliance Filing, PTZ-12). In addition, the Company provided a rate design with separate CCs for the G-3 and G-4 rate classes, and a combined CC for the consolidated G-3 and G-4 rates classes (Revised Compliance Filing, PTZ-11).

The Department finds that the Revised Compliance Filing, PTZ-11 includes tariffs that, for all rate classes except G-3, are in compliance with the Department's Order. With respect to the design of the rate G-3, the tariff submitted in Revised Compliance Filing, PTZ-12 is in compliance

² The Company also provided a G-3 rate design applying the entire class increase on the energy charge (Compliance Filing, PTZ-12).

³ On October 12, 1995, the Department conducted a technical conference on the Compliance Filing.

with the Department's Order.⁴ Accordingly, the Department approves the rates and tariffs in Revised Compliance Filing, PTZ-11 for all rate classes except G-3, and Revised Compliance Filing, PTZ-12 for the G-3 rate class. However, the record does not support a combined CC for the consolidated G-3 and G-4 rate classes. Therefore, all customers in the consolidated G-3 and G-4 rate class shall be charged the approved G-3 rate class CC.

⁴ The Department notes that the Company's request to design the G-3 class by proportionately raising the demand and energy charges (Revised Compliance Filing, PTZ-7) is the subject of a Motion for Reconsideration, and is appropriately considered in that context.

II. ORDER

Accordingly, after due consideration, it is

ORDERED: That the tariffs M.D.P.U. Nos. 909-B, 910-B, 911-B, 912-B, 913-B, 914-E, 915-B, 916-B, 917-B, 918-B, 919, 920, 921, 922-B, AND 923-B filed by Massachusetts Electric Company on October 13, 1995 be and hereby are ALLOWED; and it is

FURTHER ORDERED: That the Massachusetts Electric Company shall comply with all other orders and directives contained herein; and it is

FURTHER ORDERED: That the new rates filed by Massachusetts Electric Company shall apply to electric service consumed on or after October 1, 1995.

By Order of the Department,

Mary Clark Webster, Commissioner

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal may be filed with the Secretary of the Commission within twenty days after the date of service for the decision order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of Said Court.

(Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).